

2013 DRAFTING REQUEST

Bill

Received:	1/29/2014	Received By:	mkunkel
Wanted:	As time permits	Same as LRB:	
For:	Katrina Shankland (608) 267-9649	By/Representing:	Annika Petty
May Contact:		Drafter:	mkunkel
Subject:	Public Util. - energy	Addl. Drafters:	
		Extra Copies:	EVM

Submit via email: **YES**
 Requester's email: **Rep.Shankland@legis.wisconsin.gov**
 Carbon copy (CC) to:

Pre Topic:

No specific pre topic given

Topic:

State energy study and integrated resource planning reports

Instructions:

See attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	mkunkel 1/29/2014			_____			
/P1	mkunkel 2/18/2014	kfollett 1/31/2014	rschluet 1/31/2014	_____	sbasford 1/31/2014		
/1		kfollett 2/18/2014	jmurphy 2/18/2014	_____	lparisi 2/18/2014	mbarman 3/17/2014	State

FE Sent For:

→ A+
Intro.

<END>

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/1		kfollett 2/18/2014	jmurphy 2/18/2014	_____	lparisi 2/18/2014		State

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FE Sent For:		1/15 2/18	1/15 2/18	2/18			

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/?	mkunkel	1/11/14 1/31	 1/31/14	==			

FE Sent For:

<END>

Kunkel, Mark

From: Rep.Shankland
Sent: Thursday, January 23, 2014 12:46 PM
To: Kunkel, Mark
Subject: RE: Drafting Requests

Mark,

I actually have some new drafting instructions, for 2 bills:

- 4134
- **State Energy Plan & Integrated Resource Planning:** Draft a bill to direct the PSC, DOA and DNR to do a study on state energy and report to the legislature. The study should assess current energy supply and demand, future energy supply and demand, examine policies in the state and provide a comparative analysis to other state's policies, and identify energy challenges and opportunities now and in the future. This report should be presented to the legislature by the next biennium. The bill should also direct the PSC to request an Integrated Resource Planning report from all investor-owned utilities to be completed in the next biennium.
 - **Value of Solar:** Draft a bill to direct the PSC to conduct a value of solar assessment with stakeholders, including utilities and stakeholders. Include funding for the study.
 - **Value of on-site energy storage study.** Requires the PSC to contract for a study to analyze the costs and benefits of installing utility-managed energy storage devices in residential and commercial properties and existing barriers to their installation.
 - **Value of solar thermal study.** Requires the PSC to contract for a study to analyze the costs and benefits of installing solar thermal devices in residential and commercial properties.

Please let me know if you have any questions on these!

Thank you,
Annika

Annika L. Petty
Office of Rep. Katrina Shankland
71st Assembly District
(608) 267-9649

apetty@legis.wisconsin.gov

From: Kunkel, Mark
Sent: Wednesday, December 18, 2013 5:00 PM
To: Rep.Shankland; Petty, Annika
Subject: RE: Drafting Requests

Anika:

I have a few preliminary questions noted below. Hope my questions make sense. If not, email back or give me a call.

--Mark

From: Rep.Shankland
Sent: Wednesday, December 18, 2013 4:27 PM
To: Kunkel, Mark
Subject: Drafting Requests

Mark,

Rep. Shankland would like to draft legislation to create two renewable energy grant programs. Here is more information:

State Sustainability Fund

- Administered through State Energy Office
- Funded biennially through GPR
- Provides capital grants and loans through nonprofits, businesses, schools, farms
What do you mean that the loans are "through" nonprofits, etc.? Are the loans to those entities? Does the State Energy Office have discretion to choose how much is made in loans versus grants? Does the Office have discretion to specify interest rates, loan length, and other loan details? Any limits (amounts, etc.) on grants?
- Focus on renewable energy, energy efficiency, food systems, sustainable agriculture, water resources
Can you clarify a bit on what the grants and loans must be used for? For example, what do you mean by food systems? Or water resources?
- Annual report to JFC
- Appropriation? Not sure yet

Multi-family unit housing solar

- Administered through Focus on Energy and HUD low-income housing
Can you clarify HUD's role? As a federal agency, the state can't impose requirements on HUD. However, we could require the Focus on Energy program administrators to cooperate or coordinate with HUD.
- Grants appropriated to local CAP services that already do weatherization or other organizations through RFP
What is CAP and RFP?
- Provides grants to low-income multi-family units through energy efficiency, solar electric (PV), solar hot water (SHW), solar hot air incentives
- Efficiency benchmark to owner, then renewable energy incentive
Can you clarify what you mean by the above? For example, does "efficiency benchmark" mean that Focus on Energy must specify efficiency requirements that energy efficiency projects must satisfy to be eligible for grants? Also, what do you mean by renewable energy incentive?
- Appropriation? Not sure yet

Each program would be a separate bill, so two bills total. We have not decided on an appropriation yet, but were hoping we could at least begin the drafting process.

That being said, I understand that these are vague requests and likely not the specific drafting instructions that you need. Could you let me know what holes would need to be filled to make adequate drafting instructions? Please let me know if you have any questions.

Thank you,
Annika

Annika L. Petty
Office of Rep. Katrina Shankland

71st Assembly District
(608) 267-9649

apetty@legis.wisconsin.gov

Kunkel, Mark

From: Kunkel, Mark
Sent: Wednesday, January 29, 2014 10:28 AM
To: Kunkel, Mark
Subject: State of Washington Administrative Code definition of integrated resource planning

WAC 480-100-238

Integrated resource planning.

(1) Purpose. Each electric utility regulated by the commission has the responsibility to meet its system demand with a least cost mix of energy supply resources and conservation. In furtherance of that responsibility, each electric utility must develop an "integrated resource plan."

(2) Definitions.

(a) "Integrated resource plan" or "plan" means a plan describing the mix of energy supply resources and conservation that will meet current and future needs at the lowest reasonable cost to the utility and its ratepayers.

(b) "Lowest reasonable cost" means the lowest cost mix of resources determined through a detailed and consistent analysis of a wide range of commercially available sources. At a minimum, this analysis must consider resource cost, market-volatility risks, demand-side resource uncertainties, resource dispatchability, resource effect on system operation, the risks imposed on ratepayers, public policies regarding resource preference adopted by Washington state or the federal government and the cost of risks associated with environmental effects including emissions of carbon dioxide.

(c) "Conservation" means any reduction in electric power consumption that results from increases in the efficiency of energy use, production, or distribution.

(3) Content. At a minimum, integrated resource plans must include:

(a) A range of forecasts of future demand using methods that examine the effect of economic forces on the consumption of electricity and that address changes in the number, type and efficiency of electrical end-uses.

(b) An assessment of commercially available conservation, including load management, as well as an assessment of currently employed and new policies and programs needed to obtain the conservation improvements.

(c) An assessment of a wide range of conventional and commercially available nonconventional generating technologies.

(d) An assessment of transmission system capability and reliability, to the extent such information can be provided consistent with applicable laws.

(e) A comparative evaluation of energy supply resources (including transmission and distribution) and improvements in conservation using the criteria specified in WAC 480-100-238 (2)(b), Lowest reasonable cost.

(f) Integration of the demand forecasts and resource evaluations into a long-range (e.g., at least ten years; longer if appropriate to the life of the resources considered) integrated resource plan describing the mix of resources that is designated to meet current and projected future needs at the lowest reasonable cost to the utility and its ratepayers.

(g) A short-term plan outlining the specific actions to be taken by the utility in implementing the long-range integrated resource plan during the two years following submission.

(h) A report on the utility's progress towards implementing the recommendations contained in its previously filed plan.

(4) Timing. Unless otherwise ordered by the commission, each electric utility must submit a plan within two years after the date on which the previous plan was filed with the commission. Not later than twelve months prior to the due date of a plan, the utility must provide a work plan for informal commission review. The work plan must outline the content of the integrated resource plan to be developed by the utility and the method for assessing potential resources.

(5) Public participation. Consultations with commission staff and public participation are essential to the development of an effective plan. The work plan must outline the timing and extent of public participation. In

addition, the commission will hear comment on the plan at a public hearing scheduled after the utility submits its plan for commission review.

(6) The commission will consider the information reported in the integrated resource plan when it evaluates the performance of the utility in rate and other proceedings.

[Statutory Authority: RCW 80.01.040 and 80.04.160. WSR 06-03-001 (Docket Nos. UE-030311 and UG-030312, General Order No. R-526), § 480-100-238, filed 1/4/06, effective 2/4/06; WSR 01-11-004 (Docket No. UE-990473, General Order No. R-482), § 480-100-238, filed 5/3/01, effective 6/3/01.]

Kunkel, Mark

From: Kunkel, Mark
Sent: Wednesday, January 29, 2014 10:17 AM
To: Kunkel, Mark
Subject: Integrated resource planning defined under federal law

UNITED STATES CODE SERVICE
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*** Current through PL 113-74, with gaps of 113-66 and 113-73, approved 1/16/2014 ***

TITLE 16. CONSERVATION
CHAPTER 46. PUBLIC UTILITY REGULATORY POLICIES

Go to the United States Code Service Archive Directory

16 USCS § 2602

§ 2602. Definitions

As used in this Act, except as otherwise specifically provided--

- (1) The term "antitrust laws" includes the Sherman Antitrust Act (15 U.S.C. 1 and following), the Clayton Act (15 U.S.C. 12 and following), the Federal Trade Commission Act (15 U.S.C. 14 and following) [15 USCS §§ 41 et seq.], the Wilson Tariff Act (15 U.S.C. 8 and 9), and the Act of June 19, 1936, chapter 592 (15 U.S.C. 13, 13a, 13b, and 21A).
- (2) The term "class" means, with respect to electric consumers, any group of such consumers who have similar characteristics of electric energy use.
- (3) The term "Commission" means the Federal Energy Regulatory Commission.
- (4) The term "electric utility" means any person, State agency, or Federal agency, which sells electric energy.
- (5) The term "electric consumer" means any person, State agency, or Federal agency, to which electric energy is sold other than for purposes of resale.
- (6) The term "evidentiary hearing" means--
 - (A) in the case of a State agency, a proceeding which (i) is open to the public, (ii) includes notice to participants and an opportunity for such participants to present direct and rebuttal evidence and to cross-examine witnesses, (iii) includes a written decision, based upon evidence appearing in a written record of the proceeding, and (iv) is subject to judicial review;
 - (B) in the case of a Federal agency, a proceeding conducted as provided in sections 554, 556, and 557 of title 5, United States Code [5 USCS §§ 554, 556, 557]; and
 - (C) in the case of a proceeding conducted by any entity other than a State or Federal agency, a proceeding which conforms, to the extent appropriate, with the requirements of subparagraph (A).
- (7) The term "Federal agency" means an executive agency (as defined in section 105 of title 5 of the United States Code).
- (8) The term "load management technique" means any technique (other than a time-of-day or seasonal rate) to reduce the maximum kilowatt demand on the electric utility, including ripple or radio control mechanisms, and other types of interruptible electric service, energy storage devices, and load-limiting devices.
- (9) The term "nonregulated electric utility" means any electric utility other than a State regulated electric utility.
- (10) The term "rate" means (A) any price, rate, charge, or classification made, demanded, observed, or received with respect to sale of electric energy by an electric utility to an electric consumer, (B) any rule, regulation, or practice respecting any such rate, charge, or classification, and (C) any contract pertaining

to the sale of electric energy to an electric consumer.

(11) The term "ratemaking authority" means authority to fix, modify, approve, or disapprove rates.

(12) The term "rate schedule" means the designation of the rates which an electric utility charges for electric energy.

(13) The term "sale" when used with respect to electric energy includes any exchange of electric energy.

(14) The term "Secretary" means the Secretary of Energy.

(15) The term "State" means a State, the District of Columbia, and Puerto Rico.

(16) The term "State agency" means a State, political subdivision thereof, and any agency or instrumentality of either.

(17) The term "State regulatory authority" means any State agency which has ratemaking authority with respect to the sale of electric energy by any electric utility (other than such State agency), and in the case of an electric utility with respect to which the Tennessee Valley Authority has ratemaking authority, such term means the Tennessee Valley Authority.

(18) The term "State regulated electric utility" means any electric utility with respect to which a State regulatory authority has ratemaking authority.

(19) ***The term "integrated resource planning" means, in the case of an electric utility, a planning and selection process for new energy resources that evaluates the full range of alternatives, including new generating capacity, power purchases, energy conservation and efficiency, cogeneration and district heating and cooling applications, and renewable energy resources, in order to provide adequate and reliable service to its electric customers at the lowest system cost. The process shall take into account necessary features for system operation, such as diversity, reliability, dispatchability, and other factors of risk; shall take into account the ability to verify energy savings achieved through energy conservation and efficiency and the projected durability of such savings measured over time; and shall treat demand and supply resources on a consistent and integrated basis.***

(20) The term "system cost" means all direct and quantifiable net costs for an energy resource over its available life, including the cost of production, distribution, transportation, utilization, waste management, and environmental compliance.

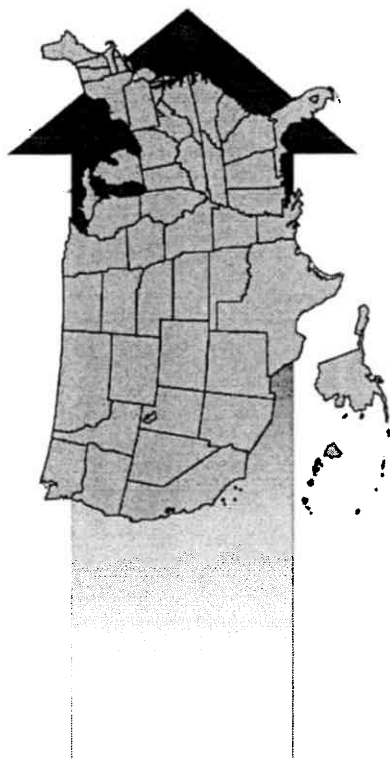
(21) The term "demand side management" includes load management techniques.

History:

(Nov. 9, 1978, P.L. 95-617, § 3, 92 Stat. 3119; Oct. 24, 1992, P.L. 102-486, Title I, Subtitle B, § 111(d), 106 Stat. 2796.)

SEE Action

STATE & LOCAL ENERGY EFFICIENCY ACTION NETWORK



Using Integrated Resource Planning to Encourage Investment in Cost-Effective Energy Efficiency Measures

Driving Ratepayer-Funded Efficiency through Regulatory Policies Working Group

September 2011

The State and Local Energy Efficiency Action Network is a state and local effort facilitated by the federal government that helps states, utilities, and other local stakeholders take energy efficiency to scale and achieve all cost-effective energy efficiency by 2020.


Learn more at www.seeaction.energy.gov



The Purpose and Use of Integrated Resource Planning

The National Action Plan for Energy Efficiency (the Action Plan) was developed by a broad group of stakeholders in 2008 because “improving the energy efficiency of homes, businesses, schools, governments, and industries—which consume more than 70% of the natural gas and electricity used in the United States—is one of the most constructive, cost-effective ways to address the challenges of high energy prices, energy security and independence, environmental concerns, and global climate change in the near term.”¹ The State and Local Energy Efficiency Action Network (SEE Action) builds on the foundation of the Action Plan and broadens the effort, with a goal of taking energy efficiency to scale and achieving all cost-effective energy efficiency by 2020. The primary goal of this paper is to explain how integrated resource planning can serve as an effective tool for promoting energy efficiency and other demand side resources. Some of the alternatives to an integrated resource plan (IRP) that have proven effective in states with competitive retail markets are also briefly explained.

What is an Integrated Resource Plan?



An IRP is a long-range utility plan for meeting the forecasted demand for energy within a defined geographic area through a combination of supply side resources and demand side resources.² Generally speaking, the goal of an IRP is to identify the mix of resources that will minimize future energy system costs while ensuring safe and reliable operation of the system.

IRP processes are commonly used to analyze alternatives for meeting future demand for electricity. Less commonly, IRP processes are used to ensure that adequate, reliable, and affordable supplies of natural gas will be available as well. Because the planning process is more complex with respect to electricity, most of the emphasis in this paper will be on IRPs for electricity.

An IRP may be developed by a utility or power marketing administration for its service territory in one or more states, by a utility commission for its entire state, or by a regional transmission organization or independent transmission system operator (ISO) for a multistate region. In some states, utility plans serve as a blueprint for resource acquisition decisions and are subject to approval by the public utility commission (PUC). Plans covering a multistate area are more likely to be used for educational purposes only.

What Kinds of Alternatives are Considered in an IRP?

In the process of developing an IRP, planners may consider a wide range of alternatives to meet future energy needs. For electricity plans, the alternatives can include adding generation capacity, encouraging customer-owned generation and combined heat and power facilities, adding transmission and distribution lines, reducing line losses in the transmission and distribution system, and implementing demand response programs. But the primary focus of this paper is another alternative, which is now included in IRP processes in more than 30 states, and that is investing in energy efficiency programs to reduce future demand when it is cost effective to do so. Analogous supply side and demand side options exist for natural gas planning.³

In planning to meet future energy needs, nearly all utilities and utility regulators across the country have practiced least-cost resource planning for decades. In many cases, these least-cost resource plans exclusively considered procurement of supply side resources. The availability of energy efficiency and other demand side resources at very low costs and in significant quantities was often ignored in the planning process. An IRP can be very similar to

¹ National Action Plan for Energy Efficiency, Vision for 2025: A Framework for Change, available at www.epa.gov/cleanenergy/documents/suca/vision.pdf.

² Demand side resources can include energy efficiency, demand response, and customer-owned generation sized to meet the customer's needs. The term demand side management (DSM) has essentially the same meaning and is commonly used, but that term may hinder one of the goals of this paper, which is to encourage planners to treat demand side and supply side resources equally.

³ Not every IRP considers every alternative listed. The alternatives considered will vary based on state and local regulatory requirements and based on what type of entity is developing the plan.



State of Wisconsin
2013 - 2014 LEGISLATURE



LRB-4134/P1

MDK: [signature]

C-note

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

soon *By Fri 1-31*

in 1-29

Gen

1 **AN ACT ...; relating to:** energy supply and demand study and electric utility
2 integrated resource plans.

Analysis by the Legislative Reference Bureau

This is a preliminary draft. An analysis will be provided in a subsequent version of this draft.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

3 **SECTION 1. Nonstatutory provisions.**

4 (1) DEFINITIONS. In this section:

5 (a) "Commission" means the public service commission.

6 (b) "Electric utility" means a public utility, as defined in section 196.01 (5) of
7 the statutes, that is involved in the generation, transmission, distribution, or sale of
8 electric energy and that is investor-owned.

9 (c) "Integrated resource plan" means a plan describing the mix of energy supply
10 resources and conservation measures necessary to ensure an electric utility is able

1 to meet current and future demand at the lowest possible cost to the electric utility
2 and its ratepayers.

****NOTE: The above definition is based on a definition in the State of Washington's administrative rules. See Wash. Admin. Code s. 480-100-238 (2) (a). Is it okay, or do you have a different definition that you want to use? Alternatively, you could delete the definition if you think that "integrated resource plan" has a commonly understood meaning and that the PSC would rely on that commonly understood meaning.

****NOTE: If you are interested in a different definition, see the discussion under "What is an Integrated Resource Plan?" on page 1 of the September 2011 report of the State & Local Energy Efficiency Action (SEE Action) Network, "Using Integrated Resource Planning to Encourage Investment in Cost-Effective Energy Efficiency Measures." The report can be found through the SEE Action Network's website: <http://www1.eere.energy.gov/seeaction>. Based on that discussion, you might define "integrated resource plan" as a long-range plan of an electric utility for meeting forecasted demand for electric energy through a combination of supply side and demand side resources, and for identifying the mix of resources that minimize future energy system costs and ensures safe and reliable operation of the system. Because "long-range" is rather vague, you might require the PSC to determine the length of time the plan must cover.

3 (2) ENERGY STUDY. No later than July 1, 2016, the commission, the department
4 of natural resources, and the department of administration shall submit a joint
5 report to the legislature, in the manner under section 13.172 (2) of the statutes, that
6 assesses current and future energy supply and demand in this state, examines
7 policies under state law, rules, and orders affecting energy supply and demand,
8 makes a comparative analysis of those policies with policies in other states, and
9 identifies challenges and opportunities for ensuring that energy supply adequately
10 meets energy demand.

****NOTE: Do you want to provide funding to the PSC, DNR, and DOA to cover the expenses involved in doing the report, or do you think the agencies can rely on general program operation appropriations under current law to cover those expenses?

****NOTE: Because you want the report to be submitted in the next biennium, I chose a deadline of July 1, 2016. Is that date okay? (Note that in sub. (3) below I chose the same deadline for submission of integrated resource plans.) If you want to require a later date, I will place the language in the statutes, rather than in the above nonstatutory provision, as the LRB generally uses nonstatutory provisions for duties that do not extend past July 1 of the even-numbered year of the legislature's next biennial session (i.e., July 1, 2016).

- 1 (3) INTEGRATED RESOURCE PLANS. The commission shall order each electric
2 utility to prepare an integrated resource plan and submit the plan to the commission
3 no later than July 1, 2016.

****NOTE: Do you want to require the PSC to approve plans that are submitted? If so, what criteria should the PSC use for approval? Do you want to require the PSC to order electric utilities to implement the plans? If you want the PSC to have continuing authority over the plans, such as the authority to order revisions or approve plans, or have oversight over implementation of the plans, I will place the language in the statutes, rather than in the above nonstatutory provision. However, if you intend only to require the submission of plans by July 1, 2016, I would leave the language in the above nonstatutory provision.

4

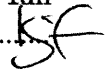
(END)

D - Note

**DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRB-4134/P1dn

MDK:...



Rep. Shankland:

This preliminary draft contains Notes with my questions. After the questions are resolved, I will prepare an introducible version of the draft.

Mark D. Kunkel
Senior Legislative Attorney
Phone: (608) 266-0131
E-mail: mark.kunkel@legis.wisconsin.gov

**DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRB-4134/P1dn
MDK:kjf:rs

January 31, 2014

Rep. Shankland:

This preliminary draft contains Notes with my questions. After the questions are resolved, I will prepare an introducible version of the draft.

Mark D. Kunkel
Senior Legislative Attorney
Phone: (608) 266-0131
E-mail: mark.kunkel@legis.wisconsin.gov

Kunkel, Mark

From: Rep. Shankland
Sent: Thursday, February 06, 2014 9:13 AM
To: Kunkel, Mark
Subject: RE: Draft review: LRB -4134/P1 Topic: State energy study and integrated resource planning reports

Mark,

Here are answers to your questions about LRB 4134. Please let me know if you have any further questions.

1) Integrated resource plan (IRP) definition:

a 20-year plan of an electric utility for meeting forecasted demand for electric energy through a combination of supply side and demand

side resources. The PSC should direct utilities to file a 20-year IRP with them. In their plan, they should identify the mix of resources that minimize future energy system costs and ensure safe and reliable electric service for residential and business customers while striving to decrease the use of imported fossil fuel, increase efficiency and reduce electric bills.

2) Is it unnecessary to specify in statute that the DOA and DNR can work with the PSC to deliver the report to the legislature? Or does it make more sense to give the authority to the PSC and say they may work with other state agencies like the DOA and DNR? Also, add that to the extent that the information is available (as state buildings like the capitol are not metered), direct the DOA to report on the state government's energy consumption. (This is in addition to the state of Wisconsin as a whole. If it makes more sense to make this a separate bill, proceed.)

3) Yes, July 1, 2016 is a good deadline.

4) This bill only intends to collect and approve the IRPs from the utilities and will not require the PSC to have oversight over the implementation of the IRP plans. That is, this bill does not intend to statutorily require implementation, but rather orders the process of conducting and reviewing IRPs. However, the PSC should provide feedback on the IRPs based on the outcomes listed in #1 to the utilities by July 1, 2017. The PSC has the authority to order revisions. This should be open for public inspection and for public comment for the year that the PSC is reviewing and for one year after the PSC has replied with orders. (Would this violate any privacy issues with privileged information related to utilities, or is this par for the course?) The IRP for each utility should be used for future reference and applied in every interaction between the utility and the PSC once filed (for example, rate cases). So even though the bill should not require the PSC weigh in on the utility's approved IRP once they begin implementing, or that they even must implement outright, this approved IRP will come into play at every future interaction and decision the PSC has for that utility, such as rate cases.

****NOTE: Do you want to provide funding to the PSC, DNR, and DOA to cover the expenses involved in doing the report, or do you think the agencies can rely on general program operation appropriations under current law to cover those expenses?

To answer this, there should be a one-time appropriation from GPR to cover this. It should go out to bid through a competitive RFP process.

Thank you!

Annika L. Petty

Office of Rep. Katrina Shankland
71st Assembly District
(608) 267-9649

apetty@legis.wisconsin.gov

From: LRB.Legal

Sent: Friday, January 31, 2014 10:53 AM

To: Rep.Shankland

Subject: Draft review: LRB -4134/P1 Topic: State energy study and integrated resource planning reports

Following is the PDF version of draft LRB -4134/P1 and drafter's note.

Kunkel, Mark

From: Kunkel, Mark
Sent: Wednesday, February 12, 2014 5:18 PM
To: Kunkel, Mark
Subject: Meeting with Rep. Shankland

Based on today's meeting with Rep. Shankland and Jeffrey Vercauteren and Chris Kunkle of Cullen Weston Pines, I will make the following changes:

LRB-4134

- require both IRPs and state study to evaluate cost of meeting future energy demand through each of the options listed in the state energy priorities statute
- require the state study to incorporate the IRPs. Keep the 2016 deadline for IRPs but move state study deadline to 2017
- require PSC to do state study in consultation with DOA and DNR (eliminate joint report)
- PSC should allow public comment on IRPs (like rate case), and approve IRP (but not be authorized to order implementation). PSC can order revisions to IRPs that don't meet statutory definition.
- PSC should make IRPs available to public (mention internet website?)
- do not add state agency consumption report, appropriation, or PSC consideration for other purposes of ch. 196

LRB-4143

- PSC shall require filing of VOSTs
- customer should have option of getting VOST rate or net metering rate
- require PSC to treat VOSTs administratively the same way as it treats net metering tariffs under its current practice
- page 3, line 16, insert that rate may not be less than utility's applicable retail rate for customer class of customer
- leave out 20 year contract and 3-year rate requirements

Mark D. Kunkel
Senior Legislative Attorney
Legislative Reference Bureau
(608) 266-0131

Kunkel, Mark

From: Kunkel, Mark
Sent: Tuesday, February 18, 2014 8:52 AM
To: Kunkel, Mark
Subject: PSC reference to the energy priorities law

1993: Wisconsin law requires utilities to consider renewable energy generation

Act 414, the Energy Priorities Law, established a hierarchy for pursuing energy resource options. It placed top priority on conservation and renewables and the lowest priority on fossil fuels. The Energy Priorities Law remains an important part of the state's energy policy.

Source: <http://psc.wi.gov/aboutus/anniversary/timeline.htm>



State of Wisconsin
2013 - 2014 LEGISLATURE



LRB-4134/Pt
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PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

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1 AN ACT relating to: energy supply and demand study and electric utility
2 integrated resource plans.

Analysis by the Legislative Reference Bureau

This is a preliminary draft. An analysis will be provided in a subsequent version of this draft.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

3 SECTION 1. Nonstatutory provisions.

4 (1) DEFINITIONS. In this section:

5 (a) "Commission" means the public service commission.

6 (b) "Electric utility" means a public utility, as defined in section 196.01 (5) of
7 the statutes, that is involved in the generation, transmission, distribution, or sale of
8 electric energy and that is investor-owned.

9 (c) "Integrated resource plan" means a plan describing the mix of energy supply
10 resources and conservation measures necessary to ensure an electric utility is able

INSERT 1-9

1 to meet current and future demand at the lowest possible cost to the electric utility
2 and its ratepayers.

****NOTE: The above definition is based on a definition in the State of Washington's administrative rules. See Wash. Admin. Code s. 480-100-238 (2) (a). Is it okay, or do you have a different definition that you want to use? Alternatively, you could delete the definition if you think that "integrated resource plan" has a commonly understood meaning and that the PSC would rely on that commonly understood meaning.

****NOTE: If you are interested in a different definition, see the discussion under "What is an Integrated Resource Plan?" on page 1 of the September 2011 report of the State & Local Energy Efficiency Action (SEE Action) Network, "Using Integrated Resource Planning to Encourage Investment in Cost-Effective Energy Efficiency Measures." The report can be found through the SEE Action Network's website: <http://www1.eere.energy.gov/seeaction>. Based on that discussion, you might define "integrated resource plan" as a long-range plan of an electric utility for meeting forecasted demand for electric energy through a combination of supply side and demand side resources, and for identifying the mix of resources that minimize future energy system costs and ensures safe and reliable operation of the system. Because "long-range" is rather vague, you might require the PSC to determine the length of time the plan must cover.

3 (2) ENERGY STUDY. No later than July 1, 2017, the commission, the department
4 of natural resources, and the department of administration shall submit a joint
5 report to the legislature, in the manner under section 13.172 (2) of the statutes, that
6 assesses current and future energy supply and demand in this state; examines
7 policies under state law, rules, and orders affecting energy supply and demand;
8 makes a comparative analysis of those policies with policies in other states; and
9 identifies challenges and opportunities for ensuring that energy supply adequately
10 meets energy demand. *45107* *same as INSERT 2-10*

****NOTE: Do you want to provide funding to the PSC, DNR, and DOA to cover the expenses involved in doing the report, or do you think the agencies can rely on general program operation appropriations under current law to cover those expenses?

****NOTE: Because you want the report to be submitted in the next biennium, I chose a deadline of July 1, 2016. Is that date okay? (Note that in sub. (3) below I chose the same deadline for submission of integrated resource plans.) If you want to require a later date, I will place the language in the statutes, rather than in the above nonstatutory provision, as the LRB generally uses nonstatutory provisions for duties that do not extend past July 1 of the even-numbered year of the legislature's next biennial session (i.e., July 1, 2016).

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- 3 - *create auto ref* (a)

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(a)

no later than July 1, 2016

- 1 (3) INTEGRATED RESOURCE PLANS. *shall* ~~The commission shall order each electric~~
2 utility to prepare an integrated resource plan and submit the plan to the commission
3 ~~no later than July 1, 2016.~~

****NOTE: Do you want to require the PSC to approve plans that are submitted? If so, what criteria should the PSC use for approval? Do you want to require the PSC to order electric utilities to implement the plans? If you want the PSC to have continuing authority over the plans, such as the authority to order revisions or approve plans, or have oversight over implementation of the plans, I will place the language in the statutes, rather than in the above nonstatutory provision. However, if you intend only to require the submission of plans by July 1, 2016, I would leave the language in the above nonstatutory provision.

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(END)

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This bill requires each investor-owned electric public utility (electric utility) to prepare and submit an integrated resource plan to the Public Service Commission (PSC). The bill defines "integrated resource plan" as a 20-year plan of an electric utility for doing all of the following: 1) meeting forecasted demand for electric energy through a combination of supply-side and demand-side resources; 2) evaluating certain costs in meeting the forecasted demand; 3) identifying the mix of resources that would minimize future energy system costs and ensure safe and reliable electric service; and 4) decreasing the use of imported fossil fuel, increasing energy efficiency, and reducing electric bills. Regarding the 2nd item, the costs that must be evaluated are those associated with the options specified in the state energy priorities law, which prioritizes options for meeting energy demands.

The bill requires an electric utility to submit an integrated resource plan to the PSC no later than July 1, 2016. If the PSC determines that an electric utility's plan satisfies the above definition, the PSC must approve the plan. However, if the PSC determines that the plan does not satisfy the definition, the PSC must order the electric utility to make revisions and resubmit the plan for the PSC's approval. Also, before approving a plan, the bill requires the PSC to provide an opportunity for the public to comment on the plan. In addition, the PSC must make approved plans available to the public through the PSC's Internet Web site.

The bill also requires the PSC to submit an energy study report to the legislature no later than July 1, 2017. The report must do all of the following: 1) assess current and future energy supply and demand; 2) evaluate the integrated resource plans submitted under the bill; 3) demonstrate how the PSC considered the integrated resource plans in assessing energy supply and demand; 4) evaluate the costs of meeting future energy demand that are associated with the options specified in the state's energy priorities law; 5) examine policies under state law, rules, and orders affecting energy supply and demand; 6) make a comparative analysis of those policies with policies in other states; and 7) identify challenges and opportunities for ensuring that energy supply adequately meets energy demand. In preparing the report, the bill requires the PSC to consult with the department of administration and the department of natural resources.

For further information see the **state** fiscal estimate, which will be printed as an appendix to this bill.

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INSERT 1-9:

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(c) "Integrated resource plan" means a 20-year plan of an electric utility for

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doing all of the following:

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1. Meeting forecasted demand for electric energy through a combination of supply-side and demand-side resources and evaluating the costs associated with each of the options specified in section 1.12 (4) (a) to (d) of the statutes in meeting the forecasted demand.

2. Identifying the mix of resources that would minimize future energy system costs and ensure safe and reliable electric service for residential and business customers.

3. Decreasing the use of imported fossil fuel, increasing energy efficiency, and reducing electric bills.

INSERT 2-3:

(a) No later than July 1, 2017, the commission shall submit a report to the legislature, in the manner under section 13.172 (2) of the statutes, that does all of the following:

1. Assesses current and future energy supply and demand in this state.
2. Evaluates the integrated resource plans submitted under subsection (3) and demonstrates how the commission considered those plans in making the assessment under subdivision 1.

3. Evaluates the costs of meeting future energy demand that are associated with each of the options specified in section 1.12 (4) (a) to (d) of the statutes.

4. Examines policies under state law, rules, and orders affecting energy supply and demand and makes a comparative analysis of those policies with policies in other states.

5. Identifies challenges and opportunities for ensuring that energy supply adequately meets energy demand.

✓
1 (b) The commission shall consult with the department of natural resources and
2 the department of administration in preparing the report under paragraph (a). (c)

3 **INSERT 3-2:**

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5 (b) If the commission determines that a plan submitted by an electric utility
6 under paragraph (a) satisfies the requirements under subsection (1) (c), the
7 commission shall approve the plan. If the commission determines that the plan does
8 not satisfy the requirements under subsection (1) (c), the commission shall order the
9 electric utility to make revisions and resubmit the plan to the commission for
10 approval. Before approving a plan, the commission shall provide an opportunity for
11 the public to comment on the plan.

12 (c) The commission shall make any plan or revised plan that the commission
13 approves under paragraph (b) available to the public through the commission's
14 Internet Web site.

Barman, Mike

From: Rep.Shankland
Sent: Monday, March 17, 2014 9:54 AM
To: LRB.Legal
Subject: Draft Review: LRB -4134/1 Topic: State energy study and integrated resource planning reports

Please Jacket LRB -4134/1 for the ASSEMBLY.